

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2018-00194

June 25, 2019

PUBLIC UTILITIES COMMISSION
Investigation into Rates and Revenue
Requirements of Central Maine Power
Company

ORDER

BARTLETT, Chairman; WILLIAMSON and DAVIS, Commissioners

I. SUMMARY

In this Order, the Commission directs Central Maine Power Company (CMP or the Company) to issue a notice to its customers of its proposed increase in distribution rates.

II. BACKGROUND

A. Origin of Ongoing Investigation into CMP's Rates

In May 2018, the Commission received a ten-person complaint against CMP under 35-A M.R.S. § 1302(1). The complainants—all of whom are CMP customers—argued that if CMP was making excessive returns on its investment, CMP's distribution rates should be lowered. On July 24, 2018, the Commission denied the complaint in part for reasons not relevant here, and granted the complaint in part to allow the Commission to examine CMP's return on investment. *Herbert C. Adams et al., 10-Person Complaint Requesting Investigation to Determine if Central Maine Power Company and Its Parent Companies Are Make Excessive Returns on Investment*, Docket No. 2018-00123, Order Dismissing Complaint in Part and Granting Complaint in Part at 1, 3–4 (July 24, 2018).

Two weeks later, the Commission initiated this investigation into CMP's rates and revenue requirements. Aug. 17, 2018 Notice of Investigation at 1, 2. The Commission is conducting this investigation under 35-A M.R.S. § 1303.

B. Request of the Office of the Public Advocate for Customer Notice

On May 29, 2019, the Office of the Public Advocate (OPA) filed a letter making two requests. First, the OPA requested that the Commission hold three public witness hearings in different locations in CMP's service territory. The Commission has since scheduled those hearings for July 16 in Portland, July 18 in Farmington, and July 22 in Hallowell. See June 11, 2019 Notice of Public Witness Hearings.

Second, the OPA requested that the Commission order CMP to notify its customers of its proposed rate increase. The OPA stated:

Noting that CMP significantly increased its requested revenue requirement in its recent [r]ebuttal testimony, I . . . strongly request that the Commission require CMP to send to all customers a new notice of its updated rate increase so that customers understand the full current magnitude of what CMP seeks to put into rates.

Although the OPA's letter referred to "a new notice," CMP's October 2018 initial filing in this matter stated that it did not intend to issue a customer notice, unless the Commission were to direct otherwise. Oct. 15, 2018 CMP Ch. 120 Info. at 37. CMP did not issue a notice at the outset of its case because the Commission's rules did not require it to do so. Those rules require notice to customers only when the *utility* initiates a general rate case—not when the *Commission* initiates the matter, which is the case here. See MPUC Rules, ch. 110, § 8(A)(1)(c).

No party responded to the OPA's request.

III. DISCUSSION AND DECISION

The Commission agrees with the OPA that CMP should issue a notification to its customers of the Company's proposed distribution rate increase.

The Commission may "require a public utility to give notice to its ratepayers if, during the course of a proceeding, it appears that one or more parties has proposed a change in rates or rate design" that, if approved, could significantly affect ratepayers. MPUC Rules, ch. 110, § 8(A)(1)(c). Here, CMP initially requested an increase to its revenue requirement of \$22.9 million above its current revenue requirement. CMP proposed to fully offset this increase by rapidly amortizing certain tax-related benefits to customers—an offset that would result in no change in customers' rates, but which CMP would need to recover from ratepayers later. The Company refers to this offset as "mitigation." In its rebuttal testimony, CMP requested a higher revenue requirement, of \$35.6 million, or 17% above its current revenue requirement. CMP continues to propose using mitigation to limit the effect of the rate increase, in this case by limiting the level of the increase to no greater than the level of inflation, which is forecast to be 2.21% in 2019.

Given the size of CMP's proposed rate increase, the Commission agrees that CMP should issue a notice to its customers. In a typical utility-initiated rate case, customers are notified at the outset of the case, which allows them an opportunity to intervene and participate as parties. Here, both the opportunity to intervene and all opportunities to submit testimony have passed. Nevertheless, the customer notice will provide customers with valuable information before the upcoming public-witness hearings. Any customer who wishes to comment on the proposed rate increase may do so—under oath, if they so choose—at those hearings.

To allow the notice to reach customers before the public-witness hearings, the Commission urges CMP to issue the notice by July 1, 2019, if possible. Because a bill

insert would not reach customers quickly enough, the notice should be issued as a separate mailing and not as a bill insert.

As to the content of the notice, it should use plain language and avoid trade terms whenever possible to avoid confusion. The notice should be transparent about the range of possible outcomes of the rate case. It should also include the dates, times, and locations of all three public-witness hearings, and explain customers' right to submit "public comments" in the Commission's Case Management System.

Finally, CMP should work with the Director of the Commission's Consumer Assistance and Safety Division (CASD) and the OPA to craft appropriate language for the notice.

IV. CONCLUSION

It is so

O R D E R E D .

Dated at Hallowell, Maine, this 25th day of June, 2019.

/s/ Harry Lanphear
Harry Lanphear
Administrative Director

COMMISSIONERS VOTING FOR: Bartlett
 Williamson
 Davis

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 11(D) of the Commission's Rules of Practice and Procedure (65-407 C.M.R. ch. 110) within **20** days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within **20** days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S. § 1320(1)–(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.